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SENATE

REPORT
No. 93-62

FOREIGN ASSISTANCE ACT OF 1973

MARCH 14, 1973.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations,
submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 837]

The Committee on Foreign Relations, to which was referred the bill (S. 837) to amend the Foreign Assistance Act of 1961, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

I. PRINCIPAL PURPOSE OF THE BILL

The principal purpose of the bill is to authorize funds for fiscal year 1973 for military and related assistance programs carried out under the authority of the Foreign Assistance Act of 1961 as amended and the Foreign Military Sales Act as amended. The bill also authorizes additional funds for relief activities in Bangladesh. The following table lists the various categories of assistance to be authorized by this bill, compares the Committee's recommendations with the amounts appropriated for fiscal year 1972, the Executive Branch's authorization request, the current spending rate under continuing resolution authority and provides other data on money items in the bill.

TABLE I.—FISCAL YEAR 1973 FOREIGN ASSISTANCE AND MILITARY SALES AUTHORIZATIONS

[In millions of dollars]

Program	Fiscal year 1972 appropriation	Fiscal year 1973 authorization request	Continuing resolution rate	Senate Foreign Relations Committee recommendation S. 837
1. Military grant assistance.....	\$500.0	\$780.0	\$550.6	\$500.0
(a) Naval training-Latin America.....			2.5	
2. Supporting assistance.....	550.0	844.0	600.0	550.0
(a) Earmarked sums:				
(1) Israel.....	(50.0)			(50.0)
(2) Aid to South Vietnam children.....				(5.0)
3. Military credit sales.....	400.0	527.0	400.0	400.0
(a) Aggregate credit ceiling.....	¹ (550.0)	(629.0)		¹ (550.0)
Total military programs.....	1,450.0	2,151.0	1,553.1	1,450.0
4. Bangladesh assistance.....	200.0	100.0	100.0	100.0
Grand total.....	1,650.0	2,251.0	1,653.1	1,550.0
CEILINGS				
1. Cambodia.....	² 341.0			226.3
2. Excess defense articles.....	² 185.0	245.0		185.0
3. Military aid and sales to Latin America.....	² 100.0	³ 150.0		150.0

¹ \$300,000,000 earmarked for Israel.

² Existing law.

³ Authority also requested for the President to waive the ceiling.

II. OTHER PURPOSES OF THE BILL

In addition to authorizing appropriations and other limitations as detailed in Table I, the bill also does the following:

1. Requires that impounded funds for certain Federal departments be released by a certain date or foreign aid funds will be cut off; development assistance funds for use for military or supporting assistance purposes;

2. Requires that future agreements with foreign countries relating to U.S. overseas military installations be submitted to the Senate for its advice and consent;

3. Prohibits obligation or expenditure of funds to carry out the military base agreement with Portugal until the agreement has been submitted to the Senate in treaty form;

4. Imposes a \$226 million ceiling for fiscal year 1973 on U.S. obligations in, for, or on behalf of Cambodia;

5. With the exception of training assistance, it prohibits U.S. Government military assistance or sales to the nations of South Asia;

6. Requires specific authorization for the financing of any foreign forces operating in Thailand;

7. Prohibits transfer of Agency for International Development development assistance funds for use for military or supporting assistance purposes;

8. Restricts transfer of foreign assistance funds to other agencies;

9. Prohibits assistance to North Vietnam without specific authorization and appropriation by Congress and, after June 30, 1973, prohibits further obligations for assistance to South Vietnam, Cambodia and Laos without specific authorization and appropriation by Congress;

10. Requires financing of military assistance for South Vietnam and Laos out of Foreign Assistance Act appropriations after June 30, 1973;

11. Earmarks \$50 million of funds made available for development or supporting assistance to be used for flood relief and related purposes in the Philippines; and

12. Prohibits aid to countries which do not provide access to U.S. newsmen to military bases which were constructed or are maintained with U.S. funds and from which U.S. personnel carry out military operations.

III. COMMITTEE ACTION

This bill is the successor to H.R. 16029 which passed the Senate on September 26, 1972, by a vote of 46-41. The House and Senate conferees were unable to reach agreement on the bill and the programs to be authorized by it have been financed since the beginning of fiscal year 1973 under continuing resolution authority.

On March 14, 1972, the President sent a message to Congress transmitting draft legislation concerning funding of foreign assistance for fiscal year 1973. That draft bill was introduced by the Chairman of the Committee on Foreign Relations, by request, as S. 3390 on March 21, 1972. Public hearings were held on it on April 17, 18, and 19, 1972, and it was reported to the Senate on May 31, 1972. The bill was defeated by the Senate on July 24, 1972 by a vote of 42 to 58. No agreement was reached in conference with the House on H.R. 16029, the second foreign aid authorization bill, and the bill died with the expiration of the 92nd Congress.

On February 7, 1973, the President submitted to the Senate a draft of new foreign assistance authorizations for the 1973 fiscal year, essentially the same as that proposed in S. 3390 of the 92nd Congress. This draft bill was introduced by Senator Mansfield for Senator Fulbright (by request) on February 8. A hearing was held by the Committee on Foreign Relations on February 22, 1973, at which the following witnesses were heard:

Mr. Curtis W. Tarr, Under Secretary of State for Security Assistance;

Mr. Robert H. Nooter, Assistant Administrator, Bureau of Supporting Assistance, Agency for International Development;

Vice Admiral Ray Peet, Director, Defense Security Assistance Agency, Department of Defense;

Professor George Kahin, Friends Committee on National Legislation; and

Mr. Don Luce, Director, Indochina Mobile Education Project.

The bill was considered by the Committee in executive session on February 26 and ordered reported favorably by a vote of 12 to 4. Those voting in the affirmative were Senators Fulbright, Sparkman, Symington, Pell, McGee, Muskie, McGovern, Humphrey, Case, Javits, Pearson, and Percy. Those voting in the negative were Senators Mansfield, Church, Aiken, and Scott.

IV. COST ESTIMATES

Section 252(a)(1) of the Legislative Reorganization Act of 1972 requires that committee reports on bills and joint resolutions contain: "(A) an estimate made by such committee, of the costs which would be incurred in carrying out such bill or joint resolution in the fiscal year in which it is reported and in each of the five fiscal years following such fiscal year . . ." The Act also requires that the committee's cost estimate be compared with any estimate made by a federal agency.

The Committee estimates that the cost of carrying out the provisions of H.R. 16029 during fiscal year 1973 will be \$1,550,000,000, the total for the new appropriations authorized, plus additional funds which will be available through receipts, recoveries, or other previously appropriated funds.

The outlook for the military assistance, military credit sales, and supporting assistance programs over the following five years is murky at best. Based on a straight-line projection of the levels recommended, not including military aid for South Vietnam and Laos beginning in fiscal year 1974, the costs for fiscal years 1974-78 will total \$7,250,000,000. The Department of State has projected costs of foreign military aid, credit sales, and supporting assistance for the period fiscal years 1974-78 within a range from \$8,384,000,000 to \$12,096,000,000, also excluding military aid to Laos and South Vietnam which are now funded out of the budget for the Department of Defense.

SECTION-BY-SECTION ANALYSIS

Section 2. Overseas Private Investment Corporation

This section amends Section 234(c) of the Foreign Assistance Act of 1961, relating to the Overseas Private Investment Corporation, to permit the Corporation to acquire in its financing operations warrants and other rights to acquire stock. But such rights may not be exercised while held by OPIC.

Under present law, OPIC is prohibited from purchasing stock but it may acquire debt securities convertible to stock (for example, convertible debentures) and sell them to investors, but may not convert them to stock while they are held by OPIC. OPIC has found that rights to acquire stock are more flexible and more popular as a financing tool than convertible debt securities and that borrowers in less developed countries are often reluctant to issue convertible debt securities because of the legal technicalities associated with them. Rights to acquire stock may also spur private participation in OPIC-financed projects as potential purchasers could be offered a choice of an equity or debt position in a project. This would be especially attractive to small financial institutions which might be reluctant to purchase debt securities containing complex conversion features.

The amendment also would make it clear that the authority to receive convertible debt securities and rights to acquire stock applies to all of OPIC's financing operations, that is to investment guaranties as well as direct loans.

Section 3. Refugee Relief Assistance

This provision would authorize \$100,000,000 for fiscal year 1973 for refugee relief and humanitarian assistance in Bangladesh. In fiscal year 1972 Congress appropriated \$200,000,000 for relief activities resulting from the conflict in what was East Pakistan and is now Bangladesh.

To date the United States Government has provided \$319 million, or approximately one-third, of the estimated \$1.1 billion in assistance from all contributors to the international relief, rehabilitation and reconstruction effort for Bangladesh. The U.S. response to the needs of Bangladesh and its people emphasized meeting these priority needs:

The combined threats of hunger and malnutrition: \$136.8 million of Public Law 480 food grants.

Restoration of basic facilities and rehabilitation of the economy:

Critical food transportation and handling operations: \$35.3 million in grants to the United Nations.

Restoration of the homes and livelihoods of thousands of Bangalee families: \$21.0 million in grants to U.S. voluntary agencies.

Assistance for food transportation and logistical operations, health, nutrition, and related needs: \$10.9 million.

As the table below shows, the U.S. Government commitments to Bangladesh have been funded principally out of the fiscal year 1972 South Asia Relief Appropriation and the Public Law 480 budget for fiscal year 1972 and fiscal year 1973. Only about \$5 million of the fiscal year 1973 South Asia Relief request has been obligated to date for voluntary agency programs. However, it is anticipated that a substantial new grant will be made directly to the Bangladesh Government in the near future to cover urgent commodity import requirements, particularly fertilizer and cotton, the rehabilitation and expansion of agricultural cooperative and training facilities, the construction of ferry landings and bridges, and other priority reconstruction needs. This grant is expected to require up to \$90 million of the remaining funds. In addition, UNROD has asked the international community for funds to cover its operations on a phase-down basis through 1973. These costs are estimated at \$8.6 of which the U.S. will provide up to one-third of the total. Several voluntary agencies are formulating proposals for such activities as vocational rehabilitation of the disabled and agricultural demonstration for farmers. These programs are currently estimated at \$2.7 million.

TABLE II.—U.S. HUMANITARIAN ASSISTANCE TO BANGLADESH AS OF DEC. 31, 1972
[In million of dollars]

	South Asia relief appropriation		Contingency fund fiscal year 1971	Public Law 480 (title II)		Other funding sources	Grand total
	Fiscal year 1972	Fiscal year 1973		Fiscal year 1972	Fiscal year 1973		
Public Law 480 (title II):				15.6	39.1		
Bilateral				75.1	7.0		136.8
Multilateral							
Grant to Bangladesh Government:							
Essential commodities	40.4						
Rehabilitation projects/activities	74.6						115.0
Grants to United Nations (UNROD)	35.3						35.3
Grants to U.S. voluntary agencies:			4.7				
CARE	.6						
Catholic Relief Services	8.0						
International Rescue Committee	1.7	0.8					
American Red Cross	1.0						
Medical assistance programs	.9						
Foundation for Airborne Relief	.9						
Church World Service	1.0						
Community Development Foundation	.2						
International Voluntary Services	.05	.5					
Asia Foundation		.5					
Seventh-Day Adventist Welfare Service		.1					21.0
World Relief Commission		.1					
Other assistance:							
Food transport and handling, health, nutrition, and related needs	7.4	3.1					
Cholera Research Laboratory						0.4	10.9
Support							
Total	172.0	5.1	4.7	90.7	46.1	.4	319.0
Assistance to refugees in East Pakistan and India March-December 1971	27.4						
Grand total	199.4						

Source: A.I.D.

TABLE III.—BILATERAL AND MULTILATERAL AID TO BANGLADESH
PRELIMINARY ESTIMATES OF COMMITMENTS AS OF NOV. 30, 1972 (CUMULATIVE TOTALS SINCE DEC. 15, 1971)

Donor	Bilateral	Multilateral ¹	Voluntary agencies	Total	As percent of total
Argentina		0.24		0.24	0.02
Australia	2.55	4.97	4.43	11.95	1.07
Austria	.06	.04		.10	.01
Belgium	1.00	.87	.23	2.10	.19
Bulgaria	.21			.21	.02
Canada	54.50	8.37	4.60	67.47	6.06
Czechoslovakia	25.00			25.00	2.25
Denmark	7.72	2.71	.61	11.04	.99
P.E.C.	7.92			7.92	.71
France	4.00	.51	.12	4.63	.42
Germany (FRG)	7.27	7.13	20.92	35.32	3.17
Germany (GDR)	1.28			1.28	.11
Hungary	.02			.02	
India	257.72		1.38	259.10	23.27
Ireland		.18	.04	.22	.02
Italy	.10	.01		.11	.01
Japan	7.40	10.60	.93	18.93	1.70
Netherlands	5.65	7.21		12.86	1.15
New Zealand	.61	.55	1.16	2.32	.21
Norway		3.02	4.43	7.45	.67
Rumania	9.60			9.60	.86
Sweden	26.96	5.03	3.04	35.03	3.15
Switzerland		1.55	6.54	8.09	.73
United Kingdom	13.54	29.88	2.88	46.30	4.16
United States	158.18	134.77	² 35.06	² 328.01	29.46
U.S.S.R.	51.00			51.00	4.58
Yugoslavia	50.00			50.00	4.49
Others	³ .01	4.32	⁴ 1.12	5.45	.49
World Bank (IDA)		107.10		107.10	9.62
WFP		1.86		1.86	.17
UNICEF ⁵		7.63		7.63	.68
Total	692.28	334.55	86.49	1,113.32	100.00
Percent	62.18	30.05	7.77	100.00	

¹ Includes all multilateral aid channeled through UNRCD, UNICEF, IDA, WFP.

² Includes contributions of voluntary agencies out of own resources. U.S. Government assistance to Bangladesh totals \$318,800,000.

³ Nepal.

⁴ Chile, Fiji, Holy See, Liechtenstein, Luxembourg, Spain, Thailand, U.N. Secretariat, Philippines, private contributors, Finland, Israel, Philharmonic Orchestra, Lebanon.

⁵ International Planned Parenthood Federation, International Social Service.

⁶ UNICEF out of their own resources.

Source: UNRCD/Dacca.

Section 4. Philippine Disaster Relief Assistance

This provision earmarks \$50 million of the funds available under Part I of the Foreign Assistance Act for the purpose of providing flood relief and reconstruction assistance to the Philippines.

The U.S. response to the Philippines flood disaster of July and August 1972 has been in the form of a three-phased program:

- Immediate emergency rescue and relief assistance;
- Post-emergency recovery assistance; and
- Long-term reconstruction and rehabilitation assistance.

Immediate emergency aid from the United States Government during July and August 1972 totalled \$2.4 million. It financed rescue operations and distribution of food, medical supplies, and other relief goods to flood victims. U.S. military ships and aircraft and special U.S. Army Disaster Assistance Relief Teams (DARTs) were employed in this effort in addition to the voluntary efforts of hundreds of Americans and Filipinos.

Post-emergency recovery assistance which began in the latter part of August 1972 included \$24 million worth of rice and other

foods under the Public Law 480 Food for Peace program and \$6 million for immediate disaster recovery needs from A.I.D. Contingency Funds. Some of the Public Law 480 rice was diverted from shipments enroute to Korea and additional amounts were shipped from the U.S. A considerable portion of the Contingency Funds was used to help to restore agricultural production, replant rice crops and to finance other activities that will restore the economic livelihood of the flood victims.

Total losses due to the floods are estimated to be \$500 million. Requirements for external resources for reconstruction needs are estimated to be about \$200 million. Of this latter amount, the U.S. is contributing \$50 million made available under the current Continuing Resolution. Following restoration of the funds drawn from the Contingency Fund, the remaining \$44 million will be used primarily for reconstruction and rehabilitation of provincial roads, irrigation systems, flood control facilities, schools, and other activities essential to ensure full recovery from the effects of the disaster.

The attached table shows the estimated allocations of the funds to relief and recovery activities to date. It is expected that almost \$45 million of the \$50 million appropriation will be obligated by February 28 and the remaining \$5 million by June 30.

TABLE IV.—PHILIPPINE DISASTER RELIEF ACTIVITIES
[In millions of dollars]

Activity	Estimated program allocations	Obligations					
		By period			Cumulative		
		Jan. 16, 1973	Feb. 28, 1973	June 30, 1973	Jan. 16, 1973	Feb. 28, 1973	June 30, 1973
Agriculture recovery.....	6.00	2.00	3.97	0.03	2.00	5.97	6.00
Fertilizer.....	(1.00)	(1.00)			(1.00)	(1.00)	(1.00)
Rice production.....	(5.00)	(1.00)	(3.97)	(.03)	(1.00)	(4.97)	(5.00)
Provincial infrastructure.....	10.15	8.48	1.30	.37	8.48	9.78	10.15
Irrigation systems.....	6.00	3.60	2.35	.05	3.6	5.95	6.00
Flood control facilities.....	18.00	10.50	7.27	.23	10.73	18.00	
Schools.....	3.46	3.25	.16	.05	3.25	3.41	3.46
Squatter resettlement.....	4.00		2.00	2.00		2.00	4.00
Feasibility studies.....	.90		.90			.90	.90
Other.....	1.49	.26	.60	.63	.26	.86	1.49
Total.....	50.00	17.82	21.78	10.40	17.82	39.60	50.00

Source: Agency for International Development.

TABLE V.—Philippines disaster relief

Estimated contributions from all donors:	Millions
United States.....	\$76.4
Japan.....	36.0
Australia.....	2.0
Republic of China.....	1.5
Peoples Republic of China.....	.5
World Bank.....	45.5
Asian Development Bank.....	6.5
United Nations.....	1.5
Other countries contributing less than \$500,000 and private contributions.....	5.0
Total.....	174.9

Note.—All assistance provided by the United States for Philippine disaster relief has been supplied on a bilateral basis.

Source: A.I.D.

Section 5. Military Assistance

Subsection (1)—Authorization

Subsection (1) authorizes the appropriation for fiscal year 1973 of \$500,000,000 for military assistance grants. With recoupments, reimbursements, and reappropriations of \$39,700,000 this will finance a total military grant aid program of \$539,700,000 in fiscal year 1973. Congress appropriated \$500,000,000 for this program for fiscal year 1972 also.

The table below gives data on the amounts programed originally for fiscal year 1973 and the amounts funded to date. The program as approved at the more realistic level of the continuing resolution is classified.

TABLE VI.—FISCAL YEAR 1973 MILITARY ASSISTANCE PROGRAM—GRANT AID
(In thousands of dollars)

	Proposed program	Funded to date		Proposed program	Funded to date
TRAINING ONLY					
East Asia and Pacific:			East Asia and Pacific: Malaysia.	181	178
Cambodia.....	209,541	99,034	Near East and South Asia:		
Taiwan.....	7,642	12,171	Afghanistan.....	215	205
Indonesia.....	28,745	12,757	India.....	234	133
Korea.....	15,710	116,025	Lebanon.....	230	166
Philippines.....	20,780	10,955	Nepal.....	29	26
Thailand.....	59,954	20,153	Pakistan.....	243	282
Far East region.....	375	267	Saudi Arabia.....	484	231
Near East and South Asia:			Sri Lanka.....	15	53
Greece.....	3,554	1,144	Europe:		
Jordan.....	42,746	16,410	Austria.....	24	18
Turkey.....	88,611	15,031	Finland.....	24	20
NESA region.....	591	99	Africa:		
Europe:			Ghana.....	55	49
Portugal.....	905	869	Mali.....	50	26
Spain.....	9,261	3,680	Morocco.....	956	295
European region.....	85	99	Senegal.....	25	17
Africa:			Zaire.....	455	261
Ethiopia.....	12,139	7,233	Latin America:		
Liberia.....	499	117	Argentina.....	550	555
Tunisia.....	3,703	1,272	Brazil.....	988	669
Africa region.....	93	62	Colombia.....	778	722
Latin America:			Mexico.....	87	85
Bolivia.....	4,873	3,066	Peru.....	820	783
Chile.....	1,114	919	Venezuela.....	870	866
Dominican Republic.....	1,435	586			
Ecuador.....	1,000	0	Total.....	7,313	5,640
El Salvador.....	805	464			
Guatemala.....	1,736	711	Worldwide total program.....	819,700	439,980
Honduras.....	734	537	NOA.....	780,000	413,000
Nicaragua.....	1,045	669			
Panama.....	527	379			
Paraguay.....	791	243			
Uruguay.....	1,460	601			
Latin America region.....	687	314			
General costs.....	85,246	63,533			
Total.....	812,387	434,340			

Source: Department of Defense.

Subsection (2)—Special Authority

This subsection amends section 506(a) of the Act to extend through fiscal year 1973 the President's special authority to order defense articles and defense services subject to subsequent reimbursement.

Subsection (3)—Military Assistance for South Vietnam and Laos

This subsection, proposed by Senator Case, requires that, beginning with fiscal year 1974, all military grant aid to South Vietnam and Laos be funded out of the regular military assistance program, as authorized under the Foreign Assistance Act of 1961, as amended.

Military aid to these countries is currently being funded from the Department of Defense budget, an interim procedure which the Congress approved in 1966 in the case of South Vietnam and in 1967 in the case of Laos and Thailand. This was done at a time when the realities of Southeast Asia were not unlike those that accompanied the Korean war buildup in 1950, which occasioned a similar funding transfer for military aid for Korea from the Mutual Security Act to the Defense Department budget. Funding of military aid to Thailand was returned to the regular MAP program by the Foreign Assistance Act of 1971.

Return of funding for military aid programs in South Vietnam and Laos to the regular foreign assistance program will permit the appropriate committees of Congress to judge our military aid programs in these countries in a foreign policy context. Military assistance to Cambodia and Thailand is now being judged in this way, through funding from the regular military assistance program. This change will ensure that all U.S. military assistance to Southeast Asian recipients is judged against security assistance needs elsewhere—all of which have a direct bearing on this country's overseas commitments and its foreign policy in general.

Subsection (4)—Limitations on availability of funds for military operations

This provision, proposed by Senator Case, adds a new section 515 to the Foreign Assistance Act which would require specific Congressional authorization before funds from any U.S. Government agency could be made available for the purpose of financing any military operations by foreign forces in Thailand.

The requirement of prior Congressional approval in this instance is an outgrowth of the "crazy quilt" financing arrangements that have emerged from U.S. involvement in Indochina and the conduct of cross-border military operations by mercenary forces in that part of the world.

Section 6. Security Supporting Assistance

Subsection (a)—Authorization

This section amends section 532 of the Act to authorize the appropriation of \$550,000,000 for security supporting assistance for fiscal year 1973, of which \$50,000,000 is earmarked for Israel.

The United States provides security supporting assistance to selected countries or international organizations to promote or maintain economic or political stability. The use of supporting assistance funds in a given country depends on the degree of importance of that country to U.S. foreign policy objectives, particularly in terms of potential impact on U.S. national security interests.

Since the criteria for providing military assistance and supporting assistance are similar, countries which are principal recipients of supporting assistance are also as a rule significant recipients of military assistance through Military Assistance Service Funded programs (Vietnam, Laos and Thailand in fiscal year 1972; Vietnam and Laos only in fiscal year 1973), the Military Assistance Program (Cambodia, Jordan, and, beginning in fiscal year 1973, Thailand) or Foreign Military Credit Sales (Israel).

Supporting assistance funds normally contribute to some degree to the economic growth or to the developmental goals of the recipient country, but the current U.S. motive in programming these funds is neither economic growth nor development *per se*; rather, the specific purpose is to stabilize the economic or political situation vis-a-vis a given security situation. Supporting assistance seeks, therefore, to assist the recipient nation to overcome an immediate security threat while avoiding simultaneous deterioration of the national economy as much as possible.

Following is the Executive Branch's proposed allocation of the fiscal year 1973 request for supporting assistance.

The following table provides comparative data on the supporting assistance program:

TABLE VII.—SECURITY SUPPORTING ASSISTANCE, DEC. 31, 1972

(In thousands of dollars)

Country	Fiscal year 1972, actual	Proposed fiscal year 1973, program	Revised ¹ fiscal year 1973, program	Obligations to date
Vietnam	385,186	585,000	332,600	101,246
Cambodia	37,087	75,000	70,000	32,732
Israel	50,000	50,000	50,000	
Jordan	40,000	40,000	40,000	40,000
Laos	47,327	49,800	45,000	20,248
Malta		9,500	14,600	4,597
Thailand	14,840	25,600	10,000	4,782
East Asian Regional Development	300	8,400	2,400	282
Philippines			50,000	11,934
Spain		3,000	3,000	
UNFICYP	2,400	4,800	2,400	2,400
Interregional and other	12,121	23,400	13,000	3,989
Total	589,261	874,500	633,000	222,210

¹ Based on current continuing resolution levels

Source: Department of State.

Subsection (b)—Assistance to South Vietnamese children

This provision, sponsored by Senator Williams, earmarks \$5 million of security supporting assistance funds for the specific purpose of providing assistance to South Vietnamese children who have been disadvantaged by the war or conditions related to it.

The funds can be used for two purposes: First, to provide for the establishment, expansion, and improvement of day care centers, orphanages, hostels, school feeding programs, and related programs in health, welfare, and education for South Vietnamese children; and, second, to facilitate the adoption of orphaned and abandoned children in South Vietnam by American citizens. However, of the funds available under this provision, no more than 10 percent may be used for adoption assistance.

This provision recognizes that Americans want the United States to give proper assistance to help care for the children of South Vietnam who are the unfortunate victims of the war. It simply calls upon the United States to do its fair share. The assistance authorized is to be furnished "to the maximum extent possible, under the auspices of and by international agencies or United States or South Vietnamese voluntary agencies."

Section 7. Transfer Between Accounts

Section 6 amends section 610(a) of the Foreign Assistance Act of 1961 to prohibit the use of development assistance funds for military aid or supporting assistance purposes. In 1971, following the defeat of the House passed foreign aid bill H.R. 9910, the Committee on Foreign Relations reported two bills to the Senate which separated authorizations for economic or development aid from military aid programs. The Committee has approved this provision in order to give further implementation to its strong view that military and economic aid matters should be dealt with separately. The law now permits transfer of technical assistance funds, for example to be used for military aid or supporting assistance, a tempting loophole which could be used to augment military aid or supporting assistance in circumvention of Congressional actions on authorization and appropriation legislation. The Committee recommends that this loophole be closed.

Section 8. Prohibitions Against Furnishing Assistance

Prohibition on military assistance or sales to the nations of South Asia

This paragraph prohibits military grant assistance or credit sales (except training) under the Foreign Assistance Act and the Foreign Military Sales Act to the governments of Pakistan, India (including Sikkim), Bangladesh, Nepal, Sri Lanka, the Maldiv Islands, or Bhutan. It would not prohibit commercial sales of either weapons or supplies by private industry.

The Committee approved this restriction in order to insure that the U.S. government does not become any more deeply involved in the military affairs of the nations of South Asia.

The following is a list of the military aid programs planned for countries in this region in fiscal year 1973:

<i>Fiscal year 1973 program</i>	<i>Military grant assistance¹</i>	<i>Military credit sales</i>
(Dollars in thousands)		
South Asia.....	\$736	—
Pakistan.....	285	—
India.....	143	—
Sri Lanka (Ceylon).....	55	—
Nepal.....	—	—
Maldiv Islands.....	—	—
Bangladesh.....	—	—

¹ U.S. training only.

Access to U.S.-financed bases

This provision, adds a new subsection 620(y) to the Foreign Assistance Act, in order to insure that American newsmen have access to overseas base facilities constructed or maintained by United States funds and used by U.S. personnel to carry out military operations. The American public, consistent with security requirements, has a legitimate right to be kept informed about activities conducted from such facilities and they rely on the news media to perform this service.

This provision, though general in scope, results from U.S. newsmen being denied access to bases in Thailand, constructed with the tax

dollars of U.S. citizens, which are manned by U.S. military personnel. As U.S. Air Force contingents have been removed officially from South Vietnam, many of them have been shifted to American-built bases in Thailand.

Because the Thai Government has restricted access to these bases by American newsmen, the American public is in turn denied access to information about our air operations in this area. The Committee believes this situation should be remedied.

This provision prohibits furnishing assistance under the Foreign Assistance Act to *any* country which denies American reporters access to military base facilities constructed or supported by United States funds and used by our personnel for military operations. The prohibition is not subject to waiver under Section 614(a) of the Act.

Section 9. Allocation and Reimbursement Among Agencies

Using the authority of Section 632(a) of the Foreign Assistance Act the Agency for International Development on April 1, 1972, transferred to ACTION \$2,600,000 in technical assistance funds to finance Peace Corps operations abroad, after Congress had appropriated \$10,000,000 less for Peace Corps operations than the amount requested. The transfer was a deliberate effort to nullify Congress' action in cutting the Peace Corps request. The change in law recommended by the Committee will prevent such circumvention of the Congress in the future. It prohibits transfers of funds for the purpose of augmenting the appropriations of any agency for any purpose not authorized by the Foreign Assistance Act. This change will still leave ample authority for reimbursement by A.I.D. to other agencies for services rendered, or for commodities procured.

Section 10. Limitation on assistance for Cambodia

The Foreign Assistance Act of 1971 imposes a ceiling of \$341,000,000 for fiscal year 1972 on United States obligations in, for, or on behalf of Cambodia. This section sets a ceiling of \$226,388,000 on such obligations for fiscal year 1973. The purpose of such a ceiling was described by the Committee in 1971 as follows:

The purpose of section 655 is to establish a ceiling on overall U.S. expenditures, exclusive of air combat operations, in, for, or on behalf of Cambodia during the current fiscal year and to put the Congress in position to know in the future, when money is being requested for Cambodia, how much is actually being spent and for what purposes. In the past, the cost of United States Government operations in some countries has far exceeded the amounts which have been requested and then authorized and appropriated. It is the Committee's intention to see that this escalation of costs, not only unauthorized by the Congress but also unknown to it, does not occur in Cambodia. Section 655 is intended, therefore, to return to the Congress some measure of control over what is actually spent by setting an absolute ceiling on expenditures, a ceiling which applies to all Executive Branch departments and agencies.

The ceiling recommended by the Committee and approved by the Senate was all-inclusive, with the exception of the cost of combat air operations over Cambodia. The table below gives data on estimated spending for certain programs in and for Cambodia in fiscal year 1972 and fiscal year 1973:

TABLE VIII.—CAMBODIA CEILING DATA

Purpose	Obligations (thousands)		
	Fiscal year 1972	Through Dec. 31, 1972	Estimate, fiscal year 1973
1. To upgrade the capabilities of the Armed Forces of the Khmer Republic: ¹			
(a) Weapons.....	\$22,302	\$1,116	
(b) Ammunition.....	74,028	47,931	
(c) Aircraft, spares and accessories.....	17,021	3,935	
(d) Vehicles.....	13,377	640	
(e) Communication equipment and spares.....	3,420	798	
(f) Support equipment and spares.....	5,759	1,702	
(g) Construction.....	3,779	210	
(h) Services and training.....	16,587	8,107	
(i) Supplies.....	16,087	4,114	
(j) Ships.....	13,664	2,380	
(k) Missiles.....	72		
Subtotal.....	186,096	70,933	\$133,000
2. To enable Cambodia to withstand the abnormal economic dislocation caused by the North Vietnamese/Vietcong invasion:			
(a) Security supporting assistance:	20,000		
(1) Cash grant.....	16,502	20,000	53,000
(2) Commodity import program.....	585	261	700
(3) Program technical support costs.....		12,500	20,500
(4) Exchange support fund.....			1,500
(5) Refugees and displaced persons.....	16,562	² 12,885	² 20,618
(b) Title I, Public Law 480.....	31	35	70
(c) Administrative allotments.....			
Subtotal.....	53,680	45,681	93,388
Total.....	239,776	116,614	226,388

¹ Includes excess and redistributable materiel valued at 1/3 of acquisition cost.

² Consists of country-use portion of Public Law 480

Source: Department of State.

Section 11. Limitation on Use of Foreign Aid Funds

This amendment, sponsored by Senator Fulbright, requires release of impounded funds totalling \$4.9 billion (according to the Office of Management and Budget) appropriated for programs under the authority of the Departments of Agriculture, Transportation, Health, Education, and Welfare and Housing and Urban Development. The amendment is a revision of section 658 of the Foreign Assistance Act of 1971. As revised, this section includes the following provisions:

It requires a cut-off of funds appropriated pursuant to the Foreign Assistance Act and the Foreign Military Sales Act if by April 30, 1973, the President has not released all funds appropriated during fiscal years 1972 and 1973 for the Departments of Agriculture, Transportation, Housing and Urban Development, and Health, Education and Welfare.

It requires a similar cut-off of aid and military credit sales funds if future appropriations for these departments are impounded for more than 60 days.

It defines the term "impounded funds" to include any action which effectively prevents the creation of obligations or expenditures of appropriated funds, or of authorizations to create obligations in advance of appropriations, for any period of time irrespective of whether such action is taken by the Office of Management and Budget or the agency head.

It requires that aid and military credit sale funds be spent on an orderly basis so as to insure that the prohibitions in the amendment are not nullified either by "reimpoundment" or by a speed up in the obligation of aid funds.

It provides for the withholding of funds in accordance with specific legal requirements as may be contained in the authorizing legislation for the departments affected or as is provided in the Anti-Deficiency Act. The Committee recognizes that this Act authorizes reserves in the apportionment process. The Committee wants to emphasize, however, that such reserves are authorized under the Anti-Deficiency Act only (1) for contingencies; and (2) to effect savings whenever savings are made possible by or through (a) changes in requirements, (b) greater efficiency of operations, or (c) other developments subsequent to the date on which such appropriation was made available. This latter provision refers to unforeseen developments subsequent to the enactment of appropriations which reduces funds required to carry out the program and does not include various other reserves sometimes referred to as being for "routine financial administration." The Committee will look to the General Accounting Office to pursue this interpretation and to ensure compliance with it.

Finally, this provision calls upon the Comptroller General to review the accuracy of the certification made by the heads of the departments with respect to the impoundment of funds of their departments and to issue quarterly reports on his findings beginning with the first quarter in fiscal year 1974.

When the Committee considered Senator Fulbright's amendment, he reported on a letter which he had received from the Comptroller General asking that certain modifications be made in the original text. The Committee accepted these modifications. The text of the Comptroller General's letter, with enclosure, follows:

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., February 22, 1973.

B-135564.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate.

DEAR MR. CHAIRMAN: On February 8, 1973, you offered your amendment No. 7 to the administration's foreign aid authorization bill which would amend section 658 of the Foreign Assistance Act of 1971. In explaining the amendment you said that it will bring an end to the expenditure of foreign aid funds if the President insists upon impounding funds for high-priority domestic programs. Amendment No. 7 together with explanatory remarks appears on pages S2431-S2433 of the Congressional Record of February 8, 1973.

We are primarily concerned about the proposed subsection 658(c) which contains no exceptions for reservations of funds made strictly

within the authority of subsection (c)(2) of the Antideficiency Act, 31 U.S.C. 665(c)(2) and subsection 658(e) which would provide substantial additional duties for the Comptroller General.

In my testimony of January 30, 1973, on Senator Ervin's Impoundment Control bill, S. 373, 93d Congress, I stated that we are not aware of any objections to impoundments falling squarely within the literal language of subsection (c)(2) of the Antideficiency Act, 31 U.S.C. 665(c)(2), or specifically authorized in other law. This testimony was given at a Joint Hearing held by the Subcommittee on Separation of Powers of the Senate Judiciary Committee and an ad hoc subcommittee of the Senate Committee on Government Operations. A copy of my prepared statement and the attachments are enclosed. It was suggested that consideration be given to amending S. 373 to provide that its provisions shall not apply to funds being withheld in accordance with this and other specific requirements of law. As you are aware, section 658 of the Foreign Assistance Act of 1971 presently exempts impoundments made in accordance with specific requirements of law and, as stated in my testimony on S. 373, I interpreted that provision as applying only to section (c)(2) of the Antideficiency Act. We suggest a revision of subsection 658(e) to reinstate that exemption to avoid the burden of reporting impoundments which involve only contingencies or savings in carrying out legislative programs and which are generally conceded to be not only of a noncontroversial nature but also desirable in achieving efficiency and economy.

As now written, subsection 658(e) would require that the Comptroller General determine if funds of the Departments of Agriculture, Transportation, Housing and Urban Development, and Health, Education, and Welfare have been impounded more than 60 days. The imposition of such a requirement on our Office would result in a workload that would severely tax our resources and even then we could never be assured that all of the impoundments had been found. The impoundments can be made by the head of a Department as well as by the Director of the Office of Management and Budget and documentary evidence thereof, if any, may be difficult to locate. We would therefore much prefer language which would require the head of each Department named to send us a report certifying the amounts impounded during each 60-day period which we would review for the purpose of making our quarterly reports to the Congress.

We also suggest that the parenthetical language "(including any authorization to create obligations in advance of appropriations)" which effectively includes contracting authority in the definition of appropriation and which is included in subsection (a) be inserted in subsection (b). This will avoid any implication that contract authority is included with respect to fiscal years 1972 and 1973 but not to fiscal year 1974 and subsequent fiscal years.

We have some reservations on one other aspect of subsections (a) and (b). Under those subsections, if the impounded funds are not timely released for obligation and expenditure, no further expenditure of foreign assistance and military sales funds may be made notwithstanding that payments may be due in liquidation of previously incurred valid obligations. We believe this prohibition against further obligations would accomplish your purpose and avoid some objections which may be raised against prohibiting expenditures in liquidation of valid obligations of the United States.

Language to carry out these suggestions is enclosed. I do not believe these suggestions will alter the purpose or impact of your amendment. At the same time I feel that they will: (1) clarify the meaning of appropriation, (2) avoid some needless reporting, and (3) afford a facility for keeping the Congress informed of impoundments in the four named departments. If we can be of further assistance concerning these suggestions or anything else involving your amendment or the impoundment issue we would, of course, be pleased to provide such assistance.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

[Enclosures.]

(1) Delete the words "or expended" from subsections (a) and the words "or expended" and "and expended" from subsection (b).

(2) Insert between lines 7 and 8 of subsection (b) parenthetical phrase "(including any authorization to create obligations in advance of appropriations)."

(3) Amend subsection (c) to read as follows:

"(c) The provisions of this section shall not apply with respect to funds impounded in accordance with any provision or law specifically authorizing the impoundment of funds of any such department, if the impoundment is made only with respect to and in accordance with such provision authorizing the impoundment as interpreted by the Comptroller General."

(4) Strike the first sentence of subsection (e) and insert in lieu thereof the following language:

"The head of each such department shall certify to the Comptroller General within 10 days after the expiration of each 60-day period in the fiscal year 1974 and any fiscal year thereafter (1) the amount of funds appropriated to such department which are impounded, (2) whether such funds have been impounded for more than 60 days, and (3) if, and when, such funds have been released in accordance with this section. The Comptroller General shall review these certifications and take such action as he deems necessary to verify their accuracy."

In its report on the initial impoundment provision adopted in 1971, the Committee offered the following explanation of its action:

The objective of this amendment is to give the American public some indication that the Committee is just as aware of our domestic needs as it is of the needs of other countries. The provisions of the section say to the taxpayers of this country, "You will be assured of getting the funds appropriated by Congress for domestic programs and projects before additional foreign aid funds can be obligated for similar programs and projects in Rio de Janeiro, Nairobi or New Delhi."

In addition to focusing attention on domestic vs. foreign needs in the context of the whole national priorities debate, this section of the bill also addresses the separation of powers issue and the Constitutional responsibilities of the Legislative and Executive Branches of our Government.

If the President is left free to impound funds appropriated by the Congress, this could result in an even greater imbalance between the two Branches than has developed in the field of foreign affairs. If the Congress's power of the purse is infringed or restricted in any way—such as through the impoundment of appropriated funds—Members of Congress might as well pack their bags and go home. This is the only real power the Congress has left and it must be guarded and protected, and kept whole and intact. The Committee believes that the requirements of this section are consistent with this goal.

A majority of the Members of the Committee believe this explanation is as valid today as it was then.

Section 12. Foreign Military Sales

Subsection (2)—Authorization

Subsection (1) authorizes an appropriation of \$400,000,000 for financing the foreign military credit sales in fiscal year 1973. This is the same amount Congress authorized and appropriated for fiscal year 1972. The Executive Branch requested an authorization of \$527,000,000. The Committee does not believe that an appropriation of this size has been justified.

The military credit sales program is carried out under the authority of the Foreign Military Sales Act. Its purpose is to make credit available to developing countries to enable them to purchase military material and services from the United States, with up to ten years for repayment.

Subsection (2)—Aggregate credit ceiling

Subsection (3) authorizes a ceiling of \$550,000,000 for foreign military credit sales in fiscal year 1973, the same amount that Congress approved for fiscal year 1972. Of the \$550,000,000 ceiling, \$300,000,000 is earmarked for Israel, as it was in fiscal year 1972.

A ceiling is necessary because military credit sales can be financed under the Foreign Military Sales Act by both direct credit extended by the U.S. government and through U.S. government guaranty of credit extended by private banking institutions. Under the guaranty program 25 percent of the amount of the guaranty is set aside in a reserve account. Thus, unless an overall credit ceiling were imposed the \$400,000,000 appropriation recommended could, theoretically, be used to finance \$1,600,000,000 in credit sales to foreign countries.

Following is the Executive Branch's proposed military credit sales program for fiscal year 1973 and the amounts obligated to date under the continuing resolution:

TABLE IX.—FISCAL YEAR 1973 FOREIGN MILITARY SALES CREDIT
[In thousands of dollars]

	Proposed fiscal year 1973 program	Obligated to date (Feb. 22, 1973)		Proposed fiscal year 1973 program	Obligated to date (Feb. 22, 1973)
East Asia and Pacific:			Latin America:		
Taiwan.....	55,000	13,700	Argentina.....	15,000	
Korea.....	25,000	15,000	Bolivia.....	4,000	
Malaysia.....	0	10,000	Brazil.....	15,000	
Far East region.....	12,500		Chile.....	5,000	
Near East and South Asia:			Colombia.....	10,000	
Greece.....	55,000	140,750	Guatemala.....	2,000	2,600
Israel.....	300,000	2126,250	Mexico.....	2,000	
Jordan.....	10,000		Peru.....	5,000	
Lebanon.....	15,000		Uruguay.....	2,000	
Saudi Arabia.....	45,000		Venezuela.....	15,000	
Turkey.....	15,000	20,000	Total.....	629,000	228,300
NESA region.....	3,000				
Africa:					
Morocco.....	15,000				
Zaire.....	3,500				

¹ Includes \$5,750 for a guarantee of \$23,000 private credit.
² Includes \$26,250 for a guarantee of \$100,000 private credit.

Source: Department of Defense.

Subsection (3)—Aggregate regional ceiling

This subsection amends section 33(a) of the Foreign Military Sales Act by raising from \$100 million to \$150 million the annual ceiling on the total amount of military assistance, credit sales and ship loans which can be furnished to Latin America.

The following provides an estimate of all military grant assistance, FMS Sales, transfers of excess defense articles, and ship loans programmed for Latin America in FY 1973 as well as an estimate of U.S. commercial sales to the region in FY 1973, which do not count against the statutory ceiling:

Latin America fiscal year 1973 estimate

Military grant assistance (includes \$2.5 million for Inter-American naval training).....	\$16,400,000
Foreign military cash and credit sales.....	141,400,000
Transfers of excess defense articles.....	4,850,000
U.S. commercial sales.....	44,925,000

SHIP LOANS

Ship	Country	Transfer method	Date
Genesee (AOG-8).....	Chile.....	Lease.....	July 5, 1972
AFDL-28.....	Mexico.....	do.....	Sept. 15, 1972
Kiowa (ATF-72).....	Dominican Republic.....	do.....	Oct. 16, 1972
2 LCM-6's.....	Uruguay.....	do.....	Oct. 13, 1972
Grant Country (LST-1174).....	Brazil.....	do.....	Jan. 15, 1973

Source: Department of Defense.

Section 13. Excess Defense Articles

Section 13 amends Section 8 of Public Law 91-672, which established a ceiling on the amount of excess defense articles which can be given to foreign countries each year under the military aid program without a charge being made against appropriations for the military

grant aid program. This ceiling, currently \$185,000,000 a year, was initiated by the Senate Foreign Relations Committee in 1970 as a means of controlling the amount of excess military arms and equipment which could be given away abroad, often in circumvention of reductions made by the Congress in Executive Branch requests for military aid.

The current ceiling of \$185,000,000 under present valuation practice, permits surplus arms and equipment which originally cost \$555,000,000 to be given to foreign countries, in addition to the \$500,000,000 in new appropriations for military assistance authorized by this bill. The annual ceiling was set initially at \$100,000,000 and, at executive branch urging, the Committee in 1971 recommended an increase to \$150,000,000, after the scope of the provision was broadened to cover all agencies. This was increased in conference to \$185,000,000.

The Committee is concerned about the prevailing practice of the Executive Branch to value all excess material given away at one-third of acquisition cost, regardless of condition. This is not what the Committee intended when it initiated this requirement. It intended that the actual value of the article be counted, but in no case shall that value be less than one-third of acquisition cost. The current practice is not in keeping with the statutory requirement and the Committee expects that appropriate remedial action will be taken. The Committee has also noted that the Congressional presentation materials do not contain any information as to what articles are to be given to each country, only a dollar amount. It expects that this problem, too, will be remedied in the fiscal year 1974 presentation materials.

Section 13 is a further step in bringing about greater control over the use of the vast amounts of military equipment and arms now being supplied to nations around the world. This change, proposed by Senator Pearson, requires that beginning with the 1974 fiscal year all grants to foreign countries of excess defense articles be charged against appropriations for military aid, with the materials to be valued at the rate now specified by law, but not less than one-third the acquisition cost paid by the U.S. Government. It appears from the following list of excess defense articles planned for disposal this fiscal year that much of the equipment to be given away to foreign governments could be put to good public use by states, cities and towns here in the United States.

Excess defense articles, fiscal year 1973

[Illustrative list]		Quantity
Ethiopia:		
Aircraft trainer T-33.....		14
Trucks 2½ ton and under.....		20
Trucks 5 ton and over.....		15
Materiel handling equipment.....		6
Fire truck.....		1
Greece:		
Trailers, all types.....		480
Trucks 2½ ton and under.....		1,832
Trucks 5 ton and over.....		225
Tanks M-48.....		200
Communication equipment.....		420
Materiel handling equipment.....		46
Grader road.....		18
Ditching machine.....		5
Crane truck MTD.....		8
Laundry units.....		6
Generator.....		30

See footnotes at end of table.

Excess defense articles, fiscal year 1973—Continued

[Illustrative list]

	Quantity
Jordan:	
Grader road	6
Crane truck MTD	6
Water distribution truck MTD	2
Road construction equipment	6
Generator	26
Tower water tank	20
Turkey:	
Aircraft fighter F-100C	1 73
Trailers, all types	2, 750
Trucks 2½ ton and under	2, 800
Trucks 5 ton and over	450
Tanks M-48	350
Communication equipment	190
Materiel handling equipment	7
Grader road	9
Ditching machine	7
Crane truck MTD	15
Construction equipment	14
Generator	58
Repair shop trucks MTD	36
Tunisia:	
Trailers, all types	28
Trucks, 2½ tons and under	50
Trucks, 5 ton and over	5
Cambodia:	
Aircraft cargo, C-119G	1 4
Aircraft cargo, C-47	1 13
Trailers, all types	30
Trucks, 2½ tons and under	25
Trucks, 5 tons and over	5
Machineguns, .30 cal	1 1, 801
Machineguns, .50 cal	1 24
Mortar, 60 mm	1 17
Mortar, 81 mm	1 191
Cartridge, 75 mm	1 10, 692
Indonesia:	
Trucks, 2½ tons and under	50
Crane truck, MTD	4
Grader, road	2
Instrument flight trainer	5
Korea:	
Aircraft observation, O-ID	25
Trailers, all types	420
Trucks, 2½ tons and under	470
Trucks, 5 tons and over	40
Communications equipment	90
Materiel handling equipment	125
Grader, road	15
Crane truck, MTD	12
Construction equipment	20
Welding machine	18
Generator	98
Test sets, electrical	40
Fire trucks	4
Laos:	
Aircraft observation O-1D	1 10
Mortar 60mm	1 210
Howitzer 75mm	1 2
Mortar 81mm	1 8

See footnotes at end of table.

Excess defense articles, fiscal year 1973—Continued

[Illustrative list]

	Quantity
Philippines:	
Trucks 2½ ton and under.....	50
Trucks 5 ton and over.....	2
Communications equipment.....	4
Materiel handling equipment.....	3
Thailand:	
Trailers, all types.....	60
Trucks 2½ ton and under.....	40
Trucks 5 ton and over.....	65
Machinegun .50 cal.....	175
Communications equipment.....	20
Grader road.....	4
Crane truck MTD.....	2
Water distribution.....	1
Construction equipment.....	12
Generator.....	70
Taiwan:	
Trailers, all types.....	475
Trucks 2½ ton and under.....	1,270
Trucks 5 ton and over.....	90
Communications equipment.....	740
Materiel handling equipment.....	112
Grader road.....	28
Ditching machine.....	3
Scraper road.....	9
Crane truck MTD.....	40
Construction equipment.....	125
Welding equipment.....	21
Generator.....	480
Test sets electrical.....	50
Compressors.....	112
Fire trucks.....	14
Bolivia:	
Trailers, all types.....	15
Trucks, 2½ ton and under.....	24
Bridge, fixed Bailey.....	2
Dominican Republic:	
Trailers, all types.....	18
Trucks, 2½ ton and under.....	45
Guatemala:	
Trailers, all types.....	26
Trucks, 2½ ton and under.....	65
Paraguay:	
Trailers, all types.....	15
Trucks, 2½ ton and under.....	50
Uruguay:	
Trailers, all types.....	35
Trucks, 2½ ton and under.....	175
Trucks, 5 ton and over.....	25
Construction equipment.....	6
Generator.....	5
Tower, water tank.....	18

¹ Actually in the program being presented to Congress.

Source: Department of Defense.

The General Accounting Office has now completed an in-depth study of the excess defense articles program for the Foreign Relations Committee and its report is expected to be made public soon. Hopefully, this study will lead to further improvements in the program.

The tables below provide data on the fiscal year 1973 excess program and the allocations to date, by country.

Fiscal year 1973 excess stocks at value specified in section 8(c) of Public Law 91-672

Country:	Value in thousands
MAP:	
Cambodia.....	\$6,400
Indonesia.....	3,200
Korea.....	19,000
Philippines.....	1,400
Taiwan.....	29,900
Thailand.....	7,000
Greece.....	16,400
Jordan.....	3,500
Turkey.....	36,400
Spain.....	2,000
Portugal.....	350
Ethiopia.....	1,400
Liberia.....	100
Tunisia.....	600
Bolivia.....	1,100
Dominican Republic.....	350
Guatemala.....	750
Nicaragua.....	800
Paraguay.....	450
Panama.....	200
Uruguay.....	1,200
Total MAP.....	132,500
Non-MAP:	
Vietnam.....	50,800
Laos.....	700
Other Government agencies.....	1,000
Total Non-MAP.....	52,500
Grand total.....	185,000

Source: Department of Defense.

Fiscal year 1973 allocations of excess defense articles as of February 20, 1973

Country:	[In millions of dollars at Acquisition Cost]	Allocated ¹
Cambodia.....		18.7
China (Taiwan).....		28.8
Indonesia.....		.4
Korea.....		3.0
Laos.....		3.2
Philippines.....		1.9
Thailand.....		9.9
Vietnam.....		33.2
Greece.....		7.8
Jordan.....		4.6
Turkey.....		52.1
Spain.....		1.6
Ethiopia.....		.9
Tunisia.....		(²)
Total.....		³ 166.1

¹ Allocations constitute authorizations to deliver specific major items, some of which may not occur due to subsequent changes in availability. In addition to the total shown, the Military Departments have been authorized to deliver up to a value of \$60 million in secondary items (acquisition cost) on the basis of requisitions received from the field.

² Less than \$50,000.

³ Total may not add due to rounding.

Source: Department of Defense.

Section 14. Azores Agreement

This provision, initiated by Senator Case, provides that thirty days after enactment no funds shall be obligated or expended to carry out the agreement with Portugal relating to United States base rights in the Azores until the agreement has been submitted to the Senate as a treaty for its advice and consent.

On December 9, 1971, the Executive Branch entered into an executive agreement with Portugal concerning use by the United States of Lajes Field in the Azores Islands, the agreement made retroactive to cover the five-year period from February 3, 1969, to February 3, 1974.

On December 16, 1971, Senator Case introduced S. Res. 214 to put the Senate on record as calling on the Administration to submit the Azores agreement as a treaty. Detailed hearings were held on that resolution by the Committee.

Testifying in support of S. Res. 214 at those hearings, Senator Harry F. Byrd, Jr., said:

I believe that important principles are involved in this resolution, principles concerning the American system of checks and balances and the constitutional role of the Senate in foreign policy.

The issue, as I understand it, is where should the line be drawn as to whether agreements with foreign nations should be executive agreements, which does not require Senate action, or by treaty, which does require Senate approval.

I am frank to say that I find difficulty in delineating a precise formula.

Some issues are clear cut, others are borderline.

The agreements governing U.S. bases in the Azores and Bahrain possibly fall in the latter category. But, in my view, the doubt should be resolved in favor of the legislative process.

S. Res. 214 was reported to the Senate on February 17, 1972, with an amendment covering the executive agreement on Bahrain as well. This agreement was signed on December 23, 1971. (For details on it see Senate Report 92-632.) On March 3, 1972, the resolution was adopted by the Senate by a vote of 50-6. The text of the resolution follows:

SENATE RESOLUTION 214

(Adopted by the Senate March 3, 1972)

Whereas the Constitution states that the President of the United States must have the advice and consent of the Senate in order to make treaties;

Whereas an agreement with Portugal, which would provide for the stationing of American troops overseas and which would furnish Portugal with large amounts of foreign aid, is clearly a matter of sufficient importance to necessitate its submission to the Senate as a treaty;

Whereas an agreement with Bahrain, which would provide for the establishment of a new American military base on

foreign territory and the stationing of American troops overseas, is clearly a matter of sufficient importance to necessitate its submission to the Senate as a treaty: Now, therefore, be it

Resolved, That any agreement with Portugal or Bahrain for military bases or foreign assistance should be submitted as a treaty to the Senate for advice and consent.

Despite the overwhelming Senate vote in favor of S. Res. 214, the Administration chose only to "note" it and did not comply with the sense of the Senate that the Portuguese and Bahrain agreements be submitted to the Senate as treaties.

Shortly thereafter Senator Case introduced S. 3447 in order to implement the principle endorsed so overwhelmingly by the Senate. A revised version of that bill was incorporated in S. 3390 (the foreign aid bill) as reported by the Committee on May 23, 1972. During consideration of that bill the Senate approved the retention of the revised provision in the bill by a vote of 41 to 36 but then voted 59 to 30 to strike that portion relating to Bahrain.

The executive agreement with Portugal, concluded on December 9, 1971 covers a period of five years retroactively commencing on February 3, 1969. The expiration date of February 3, 1974, may be extended for a further six months for a negotiating period if requested. Moreover, the defense agreement of 1951 (still operative in this respect) could give an additional period of 6 to 12 months for evacuation of U.S. forces after termination of the renewed agreement. There is no U.S. commitment in the agreement to station Armed Forces in the Azores, and those already there could be withdrawn at the convenience of the United States.

The U.S. quid pro quo for the base rights—apparently in lieu of any formal rental payment—consists mainly of the following items: (1) Public Law 480 credits of \$30 million, equally divided between fiscal years 1972 and 1973, at 4½ percent interest and with 15-year repayment periods; (2) Export-Import Bank financing, under usual terms, for unspecified development projects in metropolitan Portugal valued at \$400 million; (3) the loan of a U.S. hydrographic vessel to Portugal on a no-cost basis; (4) a grant of \$1 million for educational projects, to be funded by the Department of Defense; and (5) \$5 million in drawing rights of non-military Pentagon excess equipment—which figure may be exceeded if desired. The Executive Branch estimates that there will be provided to Portugal in fiscal year 1973 a grant of \$1 million to fund educational development programs and \$15 million worth of surplus agricultural commodities under Public Law 480 pursuant to the Azores Base Agreement.

The Committee on Foreign Relations believes that executive agreements, such as that with Portugal raise important foreign policy questions which deserve the closest possible scrutiny by the U.S. Congress. It further believes that the submission of these agreements as treaties subject to the advice and consent of the Senate is the best and most appropriate way of obtaining that objective in consonance with our long-established constitutional procedures.

Section 14 should be seen as an element, and an important one, in the continuing effort of the Senate to remedy the imbalance in the respective roles of the Legislative and Executive Branches in the

formulation of U.S. foreign policy. This provision would prohibit the obligation or expenditure of any funds to carry out the agreement with Portugal thirty days after the enactment of this bill until the agreement is submitted to the Senate in treaty form for its advice and consent. The Executive Branch is given a period of thirty days within which it can convert the agreement to treaty form before the fund cut-off takes effect. If the treaty is submitted after the fund cut-off becomes effective, obligations and expenditures pursuant to the agreements can be resumed once the treaty has been submitted to the Senate.

Section 15. Prohibiting Obligation or Expenditure of Funds for Certain Agreements to Which the Senate Has Not Given Its Advice and Consent

This provision, introduced by Senator Case as S. 3637 in the 92nd Congress and approved by the Senate in a slightly different form in H.R. 16029, would prohibit the obligation or expenditure of funds to carry out any agreement, entered into after this bill becomes law, between the United States and a foreign government which:

(a) provides for the establishment of a military installation in that country at which units of the U.S. armed forces are to be assigned to duty; or

(b) revises or extends any such agreement;

unless the Senate has given its advice and consent to the agreement involved. This provision is intended to apply generally the principle involved in Section 14 which relates exclusively to the Azores base agreement.

There is no question that the drafters of the Constitution intended that all major agreements with foreign countries be treaties, subject to Senate approval. They would not have accepted the proposition that the Executive Branch has the option simply to call an important commitment an executive agreement and put it in effect without the participation of the Senate. Yet, this is the current practice, and it is in direct conflict with the system of checks and balances that the Founding Fathers so carefully wrote into the Constitution. In recent years the Committee on Foreign Relations has devoted much study to the problem of how to restore Congress', and, in particular, the Senate's, proper role in the making of foreign policy. The Committee believes that enactment of this provision will represent a significant step in the restoration process.

This provision concentrates on agreements relating to U.S. military bases in foreign countries. Such agreements are crucial to our national security. It does not include or exclude agreements on other subjects which, by virtue of their importance, should also be considered as treaties. Perhaps additional legislation will be necessary later to cover other areas. The issue of U.S. military bases overseas involves highly sensitive foreign policy questions which can entangle our country in obligations and commitments that ultimately may lead to war. During 1969 and 1970 the Subcommittee on U.S. Security Agreements and Commitments Abroad, chaired by Senator Symington, made an exhaustive study of the foreign policy implications of U.S. military

installations abroad. The report of that subcommittee stressed the sensitive nature of the bases problem. It said:

Overseas bases, the presence of elements of United States Armed Forces, joint planning, joint exercises, or extensive military assistance programs represent to host governments more valid assurances of United States commitment than any treaty or agreement. Furthermore, any or all of the above instances of United States military presence all but guarantee some involvement by the United States in the internal affairs of the host government.

In November 1968 the then Chairman of the Joint Chiefs of Staff, General Earle Wheeler, in a statement delivered in Madrid to representatives of the Spanish General Staff, formulated better than any statement by the Subcommittee the concept being discussed here. At that time General Wheeler said, in a statement previously cleared by both the State and Defense Departments, that the presence of United States troops on Spanish soil represented a stronger security guarantee than anything written on paper. (Report to the Committee on Foreign Relations, United States Senate, by the Subcommittee on Security Agreements and Commitments Abroad, December 21, 1970, pages 20-21.)

Our country should not become entangled in such serious obligations as those incurred through stationing our forces abroad without the participation of the Legislative Branch, and through it, the American people.

Senator Case said recently:

From a practical point of view, Congress must scrutinize agreements of this sort if it is to play any meaningful role in our foreign policy. And from a constitutional point of view, the Senate is required to give its approval to these agreements as treaties.

If the Senate does not insist on carrying out its constitutional responsibility, we will only have ourselves to blame for our own impotence.

This provision is prospective only. It does not effect current agreements relating to foreign bases. However, it will require submission to the Senate of any agreements to renew or revise existing agreements.

Section 16. Applicability of Sections 14 and 15 to the Export-Import of the United States

This provision serves to clarify the status of Export-Import operations in terms of the prohibitions contained in sections 14 and 15 relating to the Azores Agreement and future U.S. foreign base agreements. The provision states that nothing in either of these sections is intended to impair the Bank's normal operations when conducted, "in accordance with its established procedures and practices, to consider and act on any application for a guarantee, insurance, extension of credit, or participation in an extension of credit with respect to the purchase or lease of any product by any foreign country, or an agency or national thereof."

During the Senate's consideration of this provision on June 19, 1972, the following exchange took place between Senator Case, sponsor of Sections 14 and 15, and Senator Tower, sponsor of this amendment:

Mr. CASE. I thank the Senator. He is correct in stating that I do approve this amendment. I join him in urging its adoption. I think there is no objection to it.

What we are attempting to do by his amendment is to make it quite clear, as we had originally intended, that we are not changing or restricting or hampering the normal operations the bank would conduct in the absence of a special agreement.

Mr. TOWER. In the absence of an agreement or a treaty.

Mr. CASE. What we are doing is taking out the forced draft that the executive agreement did involve.

Mr. TOWER. That is correct.

In fiscal year 1972, the Export Import Bank of the United States authorized two loans totalling \$1.9 million to cover the export of U.S. products to Portugal. One of the two loans in the amount of \$1.03 million was utilized, the other being cancelled. One guarantee in the amount of \$1.03 million was issued in fiscal year 1972.

One loan of \$3,000 was granted in the first half of fiscal year 1973. No guarantees were authorized in that period. The Export Import Bank is unable to estimate loans and guarantees that may be authorized in the second half of fiscal year 1973.

Section 17. Limitations Upon Assistance to Indochina

This section, proposed by Senator Case, is designed to insure that no reconstruction program be initiated in Indochina without specific authorization and appropriation by Congress. In his foreign policy message to Congress of February 9, 1972, President Nixon, discussing the problems of reaching a settlement of the Indochina war, said:

We are prepared to undertake a massive \$7½ billion, 5-year reconstruction program as part of our overall agreement, in which North Vietnam could share up to two and a half billion dollars.

Article 21 of the Agreement on Ending the War and Restoring Peace in Vietnam, signed in Paris, France on January 27 states:

The United States anticipates that this Agreement will usher in an era of reconciliation with the Democratic Republic of Vietnam as with all the peoples of Indochina. In pursuance of its traditional policy, the United States will contribute to healing the wounds of war and to postwar reconstruction of the Democratic Republic of Vietnam and throughout Indochina.

In connection with its consideration of this bill, the Committee asked for information on any plans for reconstruction in Indochina and was provided with the following information by the Department of State:

The Administration has been giving considerable thought to a program of rehabilitation and reconstruction in Indochina after hostilities have come to an end. What we envisage

is a large-scale international program which would assist the peoples of Indochina in recovering from the effects of the conflict and provide them with the foundations on which they might build a better life. We would hope for participation by a wide range of countries and institutions, including a generous contribution on the part of the United States. In illustrative terms the Administration has spoken of a \$7½ billion, five-year program in which North Viet-Nam might share up to \$2½ billion. It should be emphasized, however, that at this juncture, the actual form, dimensions and duration of such a program, the amounts to be provided to each of the four Indochina countries, and the contribution from the various donors have all yet to be determined. These will be the subject of future negotiations and discussions.

Secretary of State Rogers told the Committee on Foreign Relations on February 21 that “* * * anything we proposed to do so far as rehabilitation and reconstruction in Indochina is concerned, we will tell you what we have in mind. We will have the opportunity to get your views and, in all probability, it will require legislative action.” It appears, however, that under existing law some types of assistance could be provided to North Vietnam by the Executive Branch without further Congressional action. The Committee believes that the issues involved in whether, or how, the United States should participate in a large scale program for the reconstruction of Indochina are too critical to be made without thorough consideration and specific action by Congress. Accordingly, it adopted this provision, proposed by Senator Case, which (1) prohibits obligation of funds for assistance to North Vietnam without specific authorization and appropriation by Congress and (2) after June 30, 1973 prohibits obligations for assistance to South Vietnam, Cambodia or Laos without specific authorization and appropriation by Congress. Obligations for aid to South Vietnam, Cambodia and Laos can continue to be made until July 1, but new obligations after that date will require specific authorizations and appropriations. “Obligated” is used here in the common budgetary sense and does not include informal commitments by government officials. “Obligations,” as defined in the “Budget in Brief,” means “commitments made by Federal agencies to pay out money for products, services, or other purposes—as distinct from actual payment.”

During the period prior to July 1, Congress will have an opportunity to consider the overall question of reconstruction of Indochina in relation to our national interests. The Committee expects that any proposal for reconstruction assistance submitted to Congress by the executive branch will be as detailed as possible, including information as to specific projects to be funded.

ADDITIONAL VIEWS OF SENATOR GEORGE D. AIKEN

I voted against reporting this bill, not because of any steadfast opposition to the programs authorized by it, but because of the more than a dozen policy amendments attached to it. These amendments—several of which are highly controversial—will, in my opinion, bar any possibility of getting a fiscal 1973 foreign aid authorization bill through the Congress. This will not only keep the foreign aid program in limbo but, just as important, it will seriously detract from the Committee's credibility as a legislative Committee.

Because of its action on this bill, I believe the Committee has unwittingly performed a disservice to itself. It will be held responsible for "killing" this bill and perhaps the entire foreign aid program as well. I do not believe the Committee needs the additional burden that comes with such a responsibility.

I recommended to the Committee that it report a "straight" authorization bill; that it leave out all of the controversial policy amendments; and that it leave the decision on each of them to the Senate as a whole.

I regret the Committee rejected this recommendation and decided to gallop off in the opposite direction. I do not believe the Committee's action will prove any more fruitful this year than it did last year. But with the Vietnam cease-fire agreement in hand and the Paris Conference underway—the stakes are, of course, much bigger now than they were then.

(29)

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

I. FOREIGN ASSISTANCE ACT OF 1961

* * * * *

Sec. 234. Investment Incentive Programs.—The Corporation is hereby authorized to do the following:

* * * * *

(c) **Direct Investment.**—To make loans in United States dollars repayable in dollars or loans in foreign currencies (including, without regard to section 1415 of the Supplemental Appropriation Act, 1953.⁷⁷ such foreign currencies which the Secretary of the Treasury may determine to be excess to the normal requirements of the United States and the Director of the Bureau of the Budget may allocate) to firms privately owned or of mixed private and public ownership upon such terms and conditions as the Corporation may determine. The Corporation may not purchase or invest in any stock in any other corporation, except that it may [(1) accept as evidence of indebtedness debt securities convertible to stock, but such debt securities shall not be converted to stock while held by the Corporation] *(1) in its financing programs, acquire debt securities convertible to stock or rights to acquire stock, but such debt securities or rights shall not be converted to stock while held by the Corporation,* and (2) acquire stock through the enforcement of any lien or pledge or otherwise to satisfy a previously contracted indebtedness which would otherwise be in default, or as the result of any payment under any contract of insurance or guaranty. The Corporation shall dispose of any stock it may so acquire as soon as reasonably feasible under the circumstances then pertaining.

No loans shall be made under this section to finance operations for mining or other extraction of any deposit of ore, oil, gas, or other mineral.

* * * * *

CHAPTER 9—REFUGEE RELIEF ASSISTANCE

SEC. 491. REFUGEE RELIEF ASSISTANCE.—There is authorized to be appropriated to the President for the fiscal year [1972] *1973*, in addition to funds otherwise available for such purpose, not to exceed [\$250,000,000] *\$100,000,000* to remain available until expended, for use by the President in providing assistance for the relief and rehabilitation of refugees from [East Pakistan] *Bangladesh* and for humanitarian relief in [East Pakistan] *Bangladesh*. Such assistance shall be distributed, to the maximum extent practicable, under the auspices of and by international institutions and relief agencies or United States voluntary agencies.

CHAPTER 10.—PHILIPPINE DISASTER RELIEF

SEC. 495.—PHILIPPINE DISASTER RELIEF.—Notwithstanding the provisions of this or any other Act, the President is authorized to provide on such terms and conditions as he may determine, relief, rehabilitation, and reconstruction assistance in connection with damage caused by floods in the Philippines during 1972. Of the funds provided to carry out this part, \$50,000,000 shall be available only to carry out this chapter. Such assistance shall be distributed, to the extent practicable, under the auspices of or by international institutions and relief agencies or United States voluntary agencies.

Sec. 504. Authorization.—(a) There is authorized to be appropriated to the President to carry out the purposes of this part not to exceed \$500,000,000 for the **[fiscal year 1972.]** *fiscal year 1973.*

Provided, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish assistance in more than forty countries in any fiscal year: Provided further, That none of the funds appropriated pursuant to this subsection shall be used to furnish sophisticated weapons systems, such a missile system and jet aircraft for military purpose, to any underdeveloped country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress. Amounts appropriated under this subsection are authorized to remain available until expended. Amounts appropriated under this subsection shall be available for cost-sharing expenses of United States participation in the military headquarters and related agencies program.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programing and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

* * * * *

Sec. 506. Special Authority.—(a) During the fiscal year **[1972]** 1973 the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year **[1972]** 1973 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

* * * * *

SEC. 513. MILITARY ASSISTANCE AUTHORIZATIONS FOR THAILAND, LAOS, AND SOUTH VIETNAM.—After June 30, 1972, no military assistance shall be furnished by the United States to Thailand directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

After June 30, 1973, no military assistance shall be furnished by the United States to Laos or South Vietnam directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

SEC. 515. LIMITATIONS ON AVAILABILITY OF FUNDS FOR MILITARY OPERATIONS.—No funds authorized or appropriated under any provision of law shall be made available by any means by any officer, employee, or agency of the United States Government for the purpose of financing any military operations in Thailand by any military forces, other than the national forces of Thailand or the United States, unless Congress has specifically authorized or specifically authorizes the making of funds available for such purpose.

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"CHAPTER 4—SECURITY SUPPORTING ASSISTANCE

"SEC. 531. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this Act on such terms and conditions as he may determine, in order to support or promote economic or political stability. The authority of this chapter shall not be used to furnish assistance to more than twelve countries in any fiscal year.

"SEC. 532. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the [fiscal year 1972 not to exceed \$618,000,000], *fiscal year 1973 not to exceed \$550,000,000*, of which not less than \$50,000,000 shall be available solely for Israel: *Provided*, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements should be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given prior written approval. Amounts appropriated under this section are authorized to remain available until expended. None of the funds authorized by this section shall be made available to the Government of

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SEC. 534. ASSISTANCE TO SOUTH VIETNAMESE CHILDREN.—(a) It is the sense of the Congress that inadequate provision has been made (1) for the establishment, expansion, and improvement of day care centers, orphanages, hostels, school feeding programs, health and welfare programs, and training related to these programs which are designed for the benefit of South Vietnamese children, disadvantaged by hostilities in Vietnam or conditions related to those hostilities, and (2) for the adoption by United States citizens of South Vietnamese children who are orphaned or abandoned, or whose parents or sole surviving parent, as the case may be, has irrevocably relinquished all parental rights, and, in particular, for the adoption of such children whose fathers are United States citizens.

(b) The President is therefore authorized to provide assistance, on terms and conditions he considers appropriate, for the purposes described in clauses (1) and (2) of subsection (a) of this section, with priority being given, in carrying out the purposes of such clause (2), to providing assistance for the adoption of such children whose fathers are United States citizens. Of the funds appropriated pursuant to section 532 for fiscal year 1973, \$5,000,000 shall be available until expended solely to carry out this section. Not more than 10 per centum of the funds made available to carry out this section may be expended for the purposes referred to in subsection (a) (2) of this section. Assistance provided under this section shall be furnished only under the auspices of and by international agencies, or United States or South Vietnamese voluntary agencies.

* * * * *

Sec. 610. Transfer Between Accounts.—(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act (except funds made available pursuant to title IV of chapter 2 of part I) may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that (1) the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision, and (2) *not made available for any provision of part I of this Act may be transferred to, or consolidated with, funds made available for any provision of part II of this Act (including chapter 4 of such part II).*

(b) The authority contained in this section and in sections 451, 506, and 614 shall not be used to augment appropriations made available pursuant to section 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses. Not to exceed \$9,000,000 of the funds appropriated under section 402 of this Act for any fiscal year may be transferred to and consolidated with appropriations made under section 637(a) of this Act for the same fiscal year, subject to the further limitation that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam.

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Sec. 620. Prohibitions Against Furnishing Assistance.—

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(x) *No assurance, other than training, may be furnished under part II of this Act (including chapter 4 of such part), and no sale, credit sale, or guaranty with respect to defense articles or defense services may be made under the Foreign Military Sales Act, to, for, or on behalf of the Governments of Pakistan, India (including Sikkim), Bangladesh, Nepal, Sri Lanka, the Maldives Islands, or Bhutan.*

(y) *None of the funds authorized to be appropriated by this Act may be used to provide any kind of assistance to any foreign country in which a military base is located if—*

(1) such base was constructed or is being maintained or operated with funds furnished by the United States; and

(2) personnel of the United States carry out military operations from such base; unless and until the President has determined, and informed the Congress in writing that the government of such country has, consistent with security, authorized access on a regular basis to bona fide news media correspondents of the United States to such military base. The President shall not exercise any special authority granted him under section 614(a) of this Act with respect to this section.

* * * * *

Sec. 632. Allocation and Reimbursement Among Agencies.—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred. *Provided, That this authority shall not be used to augment the appropriation of any agency of the United States Government for any purpose not authorized by this Act.*

SEC. 655. LIMITATIONS UPON ASSISTANCE TO OR FOR CAMBODIA.—(a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of **[\$341,000,000] \$226,388,000** for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Cambodia during the fiscal year ending June 30, **[1972] 1973**.

(b) In computing the **[\$341,000,000] \$226,388,000** limitation on obligation authority under subsection (a) of this section in fiscal year **[1972] 1973**, (1) there shall be included in the computation the value, of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia in such fiscal year by gift, donation, loan, lease, or otherwise, and (2) there shall not be included in the computation the value of any goods, supplies, materials, or equipment attributable to the operations of the Armed Forces of the Republic of Vietnam in Cambodia. For the purpose of this subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia but in no case less than 33 $\frac{1}{3}$ per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(c) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Cambodia in any fiscal year beginning after June 30, 1972, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

(d) The provisions of subsections (a) and (c) of this section shall not apply with respect to the obligation of funds to carry out combat air operations over Cambodia.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, for, or on behalf of Cambodia for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1971, a written report showing the total amount of funds obligated in, for, or on behalf of Cambodia during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose, except that in the case of the first two quarters of the fiscal year beginning July 1, 1971, a single report may be submitted for both such quarters and such report may be computed on the basis of the most accurate estimates the President is able to make taking into consideration all information available to him.

(g) Enactment of this section, or any amendment thereto, shall not be construed as a commitment by the United States to Cambodia or its defense.

* * * * *

SEC. 658. LIMITATION ON USE OF FUNDS.—(a) Except as otherwise provided in this section, none of the funds appropriated to carry out the provisions of this Act or the Foreign Military Sales Act shall be obligated or expended until the Comptroller General of the United States certifies to the Congress that all funds previously appropriated and thereafter impounded during the fiscal year 1971 for programs and activities administered by or under the direction of the Department of Agriculture, the Department of Housing and Urban Development, and the Department of Health, Education, and Welfare have been released for obligation and expenditure.

(b) The provisions of this section shall not apply—

(1) to funds being withheld in accordance with specific requirements of law; and

(2) to appropriations obligated or expended prior to April 30, 1972.]

SEC. 658. LIMITATION ON USE OF FUNDS.—(a) Except as otherwise provided in this section, none of the funds appropriated to carry out the provisions of this Act or the Foreign Military Sales Act shall be obligated after April 30, 1973, until the Comptroller General of the United States certifies to Congress that all funds previously appropriated (including any authorization to create obligations in advance of appropriations) and thereafter impounded during fiscal years 1972 and 1973 for activities, programs, and projects under the Departments of Agriculture, Transportation, Housing and Urban Development, and Health, Education, and Welfare, have been released for obligation and expenditure.

(b) Except as otherwise provided in this section, none of the funds appropriated for fiscal year 1974 or any fiscal year thereafter to carry out the provisions of this Act or the Foreign Military Sales Act shall be obligated if any of the funds appropriated to the Departments of Agriculture, Transportation, Housing and Urban Development, and Health, Education, and Welfare for any such fiscal year are impounded for more

than sixty days. If such impounded funds are released, the funds appropriated to carry out such Acts may subsequently be obligated unless thereafter funds for any such department are impounded for more than sixty days.

(c) The provisions of this section shall not apply with respect to funds impounded in accordance with any provision of law specifically authorizing the impoundment of funds of any such department, if the impoundment is made only with respect to and in accordance with such provision authorizing the impoundment as interpreted by the Comptroller General.

(d) Notwithstanding any other provision of law, new obligational authority made available for any activity, program, or project under this Act or the Foreign Military Sales Act for fiscal year 1974 and any fiscal year thereafter shall not exceed in any quarter of any such fiscal year one-fourth of the new obligational authority made available for such activity, program, or project for such fiscal year. If activities, programs, and projects are being conducted under either such Act during any such fiscal year under a law making continuing appropriations, obligations for any quarter of such fiscal year for such activity, program, or project shall not exceed one-fourth of the new obligational authority made available for such activity, program, or project for the most recent, immediately preceding fiscal year for which appropriations were made to carry out such activity, program, or project.

(e) The head of each such department shall certify to the Comptroller General within 10 days after the expiration of each 60-day period in the fiscal year 1974 and any fiscal year thereafter (1) the amount of funds appropriated to such department which are impounded, (2) whether such funds have been impounded for more than 60 days, and (3) if, and when, such funds have been released in accordance with this section. The Comptroller General shall review these certifications and take such action as he deems necessary to verify their accuracy. In any case in which the executive branch does not provide sufficient information to the Comptroller General to determine whether funds with respect to any such department have been impounded, then, for purposes of this section, such funds shall be deemed to have been impounded and any period during which such information is not provided shall be considered as a period, or a part of a period of impoundment. The Comptroller General shall review from time to time and report to Congress not later than thirty days after the end of each quarter of a fiscal year, beginning with the first quarter of fiscal year 1974, with respect to the operation of this section. Each report shall include any determination made by the Comptroller with respect to such quarter that funds of any such department have been impounded for more than sixty days and when any such funds have been released.

(f) For purposes of this section, impounding includes—

(1) withholding or delaying the expenditure or obligation of funds (whether by establishing reserves or otherwise) appropriated or otherwise obligated for projects or activities, and the termination of authorized projects or activities for which appropriations have been made;

(2) withholding any authorization to establish obligations in advance of appropriations; or

(3) any type of executive action which effectively precludes the obligation or expenditure of the appropriated funds.

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The Foreign Military Sales Act, as Amended

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Sec. 31. Authorization and Aggregate Ceiling on Foreign Military Sales Credits.—(a) There is hereby authorized to be appropriated to the President to carry out this Act not to exceed \$400,000,000 for the [fiscal year 1972] *fiscal year 1973*. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this Act.

(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act (excluding credits covered by guaranties issued pursuant to section 24(b)) and of the face amount of guaranties issued pursuant to sections 24(a) and (b) shall not exceed \$550,000,000 for the [fiscal year 1972] *fiscal year 1973*, of which amount not less than \$300,000,000 shall be made available to Israel only.

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Sec. 33. Regional Ceilings on Foreign Military Sales.—(a) The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed pursuant to section 24(b), of the face amount of contracts of guaranty issued pursuant to sections 24 (a) and (b), and of loans and sales in accordance with section 7307 of title 10, United States Code, shall, excluding training, not exceed [\$100,000,000] *\$150,000,000* in each fiscal year for Latin American countries.

(b) The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed pursuant to sections 23 (excluding credits covered by guaranties issued pursuant to section 24(b)), and of the face amount of contracts or guaranty issued pursuant to sections 24 (a) and (b) shall, excluding training, not exceed \$40,000,000 in each fiscal year for African countries.

(c) The limitations of this section may not be waived pursuant to any authority contained in this or any other Act unless the President finds that overriding requirements of the national security of the United States justify such a waiver and promptly reports such finding to the Congress in writing, together with his reasons for such finding. In any case in which the limitations of this section are waived under the preceding sentence, the report required under such sentence shall set forth, in detail, the expenditures proposed to be made in excess of the geographical limitation applicable under this section. Notwithstanding the foregoing provisions of this subsection, in no event shall the aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed pursuant to section 23 (excluding credits covered by guaranties issued pursuant to section 24(b)), of the face amount of contracts of guaranty issued pursuant to sections 24 (a) and (b), and of loans and sales in accordance with section 7307 of title 10, United States Code, exceed any geographical ceiling applicable under this section by more than an amount equal to 50 per centum of such ceiling.

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SEC. 8.¹ (a) **Subject to the provisions of subsection (b),** *On or after July 1, 1973*, the value of any excess defense article granted to a foreign country or international organization by any department, agency, or independent establishment of the United States Government (other than the Agency for International Development) shall be considered to be an expenditure made from funds appropriated under the Foreign Assistance Act of 1961 for military assistance. Unless such department, agency, or establishment certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof shall (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is cancelled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) to the military assistance appropriation for the current fiscal year upon cancellation of the order.

Such sum shall be transferred to the military assistance appropriation for the current fiscal year upon delivery of such article if at the time of delivery the stock status of the article is determined, in accordance with sections 644 (g) and (m) of the Foreign Assistance Act of 1961, to be nonexcess.

[(b) The provisions of subsection (a) shall apply during any fiscal year only to the extent that the aggregate value of excess defense articles ordered during that year exceeds \$185,000,000.]

(c) For purposes of this section, "value" means not less than 33½ per centum of the amount the United States paid at the time the excess defense articles were acquired by the United States.

(d) The President shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

(e) Except for excess defense articles granted under part II of the Foreign Assistance Act of 1961, the provisions of this section shall not apply to any excess defense article granted to South Vietnam prior to July 1, 1972.

¹ These changes to be effective July 1, 1973.